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Mark A. Keffer
Law & Government Affairs
Vice President
Atlantic Region

Room 3-D
3033 Chain Bridge Road
Oakton, VA 22185
703 691-6046
FAX 703 691-6093
Email Fax No. 202 263-2692
mkeffer@att.com

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Marlene H. Dortch
Federal Communications Commission
Office of the Secretary
c/o Vistronix, Inc.
236 Massachusetts Ave., N.W. – Suite 110
Washington, DC 20002

Re: **CC Docket No. 00-251**
In the Matter of Petition of AT&T Communications of Virginia, Inc., TCG Virginia, Inc., ACC National Telecom Corp., MediaOne of Virginia and MediaOne Telecommunications of Virginia, Inc. for Arbitration of an Interconnection Agreement With Verizon Virginia, Inc. Pursuant to Section 252(e)(5) of the Telecommunications Act of 1996

Dear Ms. Dortch:

On behalf of AT&T Communications of Virginia, Inc. enclosed please find an original and three (3) copies of the Memorandum Of AT&T Corp. In Support Of Contract Terms For Disputed Items in the above referenced case.

Thank you for your consideration in this matter.

Sincerely yours,

Mark A. Keffer

cc: Service List
Enclosures

No. of Copies rec'd 0+3
List ABCDE

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
Petition of AT&T Communications of	)	
Virginia Inc., Pursuant to Section 252(e)(5)	)	CC Docket No. 00-251
of the Communications Act for Preemption	)	
of the Jurisdiction of the Virginia	)	
Corporation Commission Regarding	)	
Interconnection Disputes With Verizon	)	
Virginia Inc.	)	

MEMORANDUM OF AT&T CORP. IN SUPPORT OF CONTRACT TERMS FOR DISPUTED ITEMS

For the most part, AT&T Corp. ("AT&T") and Verizon Virginia, Inc. ("Verizon") were able to resolve language issues and submit an interconnection agreement conforming to the Wireline Competition Bureau's July 17, 2002 Memorandum Opinion and Order ("Order"). In three limited instances, however, the parties were unable to agree on contract language and have each submitted their own versions for the Bureau's consideration. As shown below, in each instance AT&T's recommended language faithfully implement the resolutions in the Order. Verizon's proposed language does not. Indeed, as shown below, Verizon's language, if adopted, would limit Verizon's obligations to AT&T far more narrowly than the Bureau intended. And while that shortcoming alone is reason enough to reject Verizon's language, Verizon's language also suffers another serious shortcoming as well. Verizon's language also "interprets" the Order in ways that would give Verizon the same relief it lost when the Bureau rejected its positions in

the first place. Obviously such "interpretations" cannot stand. Verizon's terms should be rejected and AT&T's should be adopted.

ARGUMENT

I. SECTION 6.2.4, ACCESS TOLL CONNECTING TRUNKS

Verizon proposed language:

6.2.4 AT&T's switch shall subtend the Verizon Tandem that would have served the same rate center on Verizon's network as identified in the LERG. Alternative configurations will be discussed and negotiated in good faith as part of the Joint Implementation and Grooming Process.

AT&T proposed language:

6.2.4 AT&T will establish Access Toll Connecting Trunk groups to the Verizon tandem which AT&T's switch subtends as identified in the LERG.

Verizon's proposed language should be rejected because it would gut AT&T's rights to establish a single point of interconnection within a LATA, would increase AT&T's costs, would require AT&T to bear Verizon's interexchange costs, and would impede AT&T's ability to serve its customers. AT&T's language, on the other hand, properly reflects the finding of the Bureau's Order and should be made part of the interconnection agreement.

Verizon's language tries to take advantage of the Bureau's findings regarding competitive access service by reading more into the Order than is there. The Bureau rejected AT&T's proposed contract language regarding its use of UNE local and tandem switching and transport to provide competitive access service to interexchange carriers. Order, ¶ 208 and n. 691. The Bureau noted that Verizon had argued that certain other contract language, including that addressing the routing of exchange access traffic, was applicable to this issue, but that it had

not provided adequate explanation of, or support for, its proposed contract terms. Id., ¶ 209. The Bureau therefore expressly declined to adopt Verizon's proposed language. Ibid.

Part of the section that was the subject of this aspect of the Order is at issue here. AT&T's proposed contract language for section 6.2.4, addressing the routing of exchange access traffic, properly memorializes its obligation to establish trunk groups from its switches to the appropriate Verizon tandem in order to route exchange access traffic between its customers and interexchange carriers. Verizon's contract terms do far more, obligating AT&T to arrange its switches in particular configurations relative to Verizon's tandems, ostensibly to assure the proper routing of its customers' calls by eliminating the potential for an AT&T switch to subtend multiple Verizon tandems. But Verizon's proposed routing solution effectively precludes AT&T from selecting its point of interconnection (POI) at any technically feasible point, including a single point in the LATA. Verizon's proposed contract language for section 6.2.4 would negate the heart of the Bureau's decision in rejecting Verizon's VGRIPS proposal, because it would require AT&T to have a separate switch for each access tandem that Verizon has deployed in a LATA The net effect of this obligation would be to eliminate AT&T's ability to take advantage of its "switches' broad coverage . . . to transport . . . calls between [Verizon's] legacy rate centers. Order, ¶ 287.

In the Order, the Bureau rejected Verizon's proposed interconnection language that would have implemented its GRIPS and VGRIPS proposals, finding that AT&T's contract language "more closely conforms to the Commission's current rules governing points of interconnection and reciprocal compensation than do Verizon's proposals." Order, ¶ 51. One such Commission rule that the Bureau expressly recognized was "the right to request a single point of interconnection in a LATA." Ibid., ¶ 52. This right is a critical one for new entrants

because its switches cover broad geographic areas up to and including entire LATAs. Such broad geographic coverage is an economic necessity for a new entrant, because it does not have the number or concentration of customers to support the deployment of a switch in each ILEC tandem sector.

Under Verizon's proposed terms, if AT&T's switch subtended the Verizon tandem serving, for example, the Staunton, VA calling area, AT&T could not use that switch to serve customers in rate centers that subtended Verizon's tandem serving the Roanoke, VA calling area. In order to do so under Verizon's language, AT&T would have to invest in another switch to subtend the Roanoke tandem, or physically partition its existing switch to establish a subtending arrangement with the Roanoke tandem. Either requirement would dramatically increase the costs AT&T would have to incur to enter the Roanoke market, and would eviscerate the opportunities that the Order determined CLECs such as AT&T appropriately have to offer local exchange services.[1]

Moreover, Verizon's desire to use its interconnection agreements to memorialize the routing of exchange access traffic through the tandems that it prefers has become a more prominent issue now that Verizon has begun to engage in the provision of interexchange service following its successful applications for relief under section 271. Verizon has recently indicated in New Jersey that it does not intend to carry interexchange traffic to the Verizon access tandem

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[1] Verizon's position would also impede local competition. The Bureau recognized that while new entrants may adopt a network architecture different than that of incumbents, CLECs lack the concentrated, captive customer base that the incumbents enjoy. Thus, in order to achieve scale economies similar to incumbents, CLECs must attempt to deploy switches that would serve a relatively broad geographic area. . If Verizon's terms were to be adopted, CLECs would be hard pressed to achieve anything remotely approaching the incumbents' scale economies. Verizon's proposal thus "has the effect of penalizing CLECs entering the market, because they would not yet have had sufficient time to build their customer bases to be 'comparable' to the size and

(continued . . .)

that AT&T has chosen to have its local exchange switch subtend; rather it wants to impose on AT&T (and CLECs) the obligation to pick interexchange traffic up at the same tandem in which the traffic originates, by provisioning trunks to each one of Verizon's access tandems in which AT&T has opened an NPA-NXX code. But as an interexchange service provider Verizon has the obligation to obtain exchange access service from local exchange carriers to complete interexchange calls. It cannot leverage its power as an ILEC to require other local exchange carriers to provision trunks that are its responsibility as an interexchange carrier. Yet that is precisely what its contract language would require. Verizon itself has the solution to this issue: have its separate IXC affiliate order from AT&T (the CLEC) the appropriate exchange access trunks between the tandem Verizon chooses and the AT&T local switch. AT&T offers such services in its exchange access tariffs, and will properly provision these trunks.[2]

The Bureau's resolution denying AT&T's proposal to provide competitive access service does not even hint at the requirement that Verizon proposes. The Order simply rejected AT&T's use of UNEs to provide competitive access services to interexchange carriers for end users that do not receive local exchange service from AT&T. Order, ¶ 208. Nothing in the Bureau's discussion of the issue suggests that AT&T should be required to bear the costs of Verizon's interexchange carrier network. Nor is there anything in that part of the Order that in any way conflicts with the Bureau's decision to endorse AT&T's network interconnection (POI) proposal. Verizon cannot, under the guise of implementing the Order, impose contract terms that are flatly

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(. . . continued)
scope of the ILEC's." AT&T Post Hearing Br. at 100 n.334.

[2] By advancing the interests of its separate IXC affiliate in this case Verizon does more than overreach; it raises questions about the effectiveness of the existing separation rules applicable to Verizon once it receives section 271 relief.

inconsistent with it. Accordingly, its section 6.2.4 should be rejected and AT&T's language adopted.

II. SECTION 11.2.12.2, USE OF NON-VERIZON LOOP QUALIFICATION TOOLS

B. Verizon proposes to keep underlined language; AT&T proposes to delete the underlined language.

B. Verizon is in the process of conducting a mechanized survey of existing Loop facilities, on a Central Office by Central Office basis, to identify those Loops that meet the applicable technical characteristics established by Verizon for compatibility with ADSL, HDSL, SDSL, IDSL and ISDN signals. The results of this mechanized survey will be stored in a mechanized database that is made available to AT&T on a non-discriminatory basis. AT&T may utilize this mechanized loop qualification database, where available, in advance of submitting a valid electronic transmittal service order for an ADSL, HDSL, SDSL, IDSL or ISDN Loop provided, however, AT&T shall request manual loop qualification or an Engineering Query if the mechanized loop qualification database is not available or if AT&T chooses not to utilize such database. Charges for mechanized loop qualification information, Engineering Query, and manual loop qualification are set forth in Exhibit A.

C. Verizon proposes to use the underlined word ("must"); AT&T proposes to use the bracketed word ("may").

C. If the Loop is not listed in the mechanized database described in section (B) above, AT&T **must [may]** request either a manual loop qualification or Engineering Query prior to or in conjunction with submitting a valid electronic service order for an ADSL, HDSL, SDSL, IDSL or BRI ISDN Loop. The rates for manual loop qualification and Engineering Query are set forth in Exhibit A. If the Loop requires qualification manually or through an Engineering Query, three (3) business days (or a shorter period if required under Applicable Law) following receipt of AT&T's valid and accurate request will be generally required before a FOC or a query can be issued to AT&T with the Loop qualification results. Verizon may require additional time to complete the Engineering Query where there are poor record conditions, spikes in demand or other unforeseen events, unless such additional time is not permitted pursuant to an effective Commission order.

Verizon proposes to keep underlined language; AT&T proposes to delete the underlined language

E. If AT&T submits a service order for an ADSL, HDSL, SDSL, IDSL or BRI ISDN Loop that has not been prequalified as required in accordance with subsection

11.2.12.2(B) above, Verizon will query the service order back to AT&T for qualification and will not accept such service order until the Loop has been so prequalified (i.e. manual, mechanized, or engineering query). If AT&T submits a service order for an ADSL, HDSL, SDSL, IDSL or BRI ISDN Loop that is, in fact, found not to be compatible with such services in its existing condition, Verizon will respond back to AT&T with a "Nonqualified" indicator and with information showing whether the non-qualified result is due to the presence of load coils, presence of digital loop carrier, or loop length (including bridged tap).

The Order (¶ 398) adopted AT&T's contract language which "gives AT&T the option of using non-Verizon loop qualification tools for line splitting," subject to certain modifications.[3] The Bureau noted that its ruling was "consistent with the holding in the New York Commission AT&T Arbitration Order," which held that if it is technically feasible for Verizon to modify its systems to accommodate both AT&T's needs and those of other CLECs, and if AT&T is willing to pay for such modifications, Verizon should do so.

Although the Bureau's resolution of this issue was framed in the context of its discussion of line splitting,[4] the same considerations that the Bureau discussed in connection with line splitting apply when AT&T uses DSL loops to, for example, provide a "data-only" offer.[5] And the Bureau noted that one of its objectives in adopting AT&T's line splitting contract language was "to maintain the greatest amount of flexibility for both carriers." Order, ¶ 397.

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[3] Specifically, the Bureau held that if AT&T uses a non-Verizon loop qualification tool, it may not hold Verizon liable for the service performance of the loop. It also required AT&T, under certain circumstances, to pay for modifications of Verizon's systems to accommodate AT&T's needs. That latter condition is the subject of the remaining disputed contract term; see pp. 8-9 infra.

[4] As the Bureau noted, AT&T had agreed to use Verizon's loop qualification tools for line sharing. Order, n. 1295, quoting AT&T Post Hearing Br. at 168 n. 533.

[5] In the line sharing context, Verizon remains the underlying voice provider, and use of Verizon's tools in this context eliminates a potential source of controversy over the provision of such shared service. In all other instances, however, Verizon is no longer engaged in providing retail services over the loop and has no basis to require that its tool be used. See Direct Testimony of C. Michael Pfau at pp. 126-30; Rebuttal Testimony of C. Michael Pfau at pp. 5-6.

Nevertheless, Verizon insists on maintaining a contractual obligation for AT&T's mandatory use of Verizon's loop qualification tool whenever it places an order for DSL loops. But since Verizon delivers both line split DSL loops and data-only DSL loops to AT&T's collocation cage, it would have no need to know how AT&T intends to use the DSL loops that it orders, only that DSL will be on such loops. Whether AT&T engages in line splitting, or uses the loop only to provide a data service, is of no consequence to Verizon. Verizon merely needs to know that the loop will be used for DSL in order to properly manage the binder group, and Verizon will be provided all the information that it needs to do so. Requiring AT&T to use Verizon's loop qualification tool in one context but not the other serves no purpose other than to raise AT&T's DSL loop costs and stifle AT&T's ability to deploy innovative services that fully exploit the capability of the loop because of limitations in Verizon's loop qualification procedures. AT&T's contract terms simply make the use of Verizon's tool an option, rather than a requirement, when AT&T orders DSL loops, consistent with the objective of flexibility that the Bureau noted. Its language should accordingly be adopted.

III. SCHEDULE 11.2.17, SECTION 1.3.2, CHARGES FOR USE OF NON-VERIZON LOOP QUALIFICATION TOOLS

> . . . When AT&T elects not to use Verizon's loop pre-qualification procedure, it shall not be assessed any charge for such procedures; however, for the avoidance of any doubt, Verizon shall bill and AT&T shall pay any charges incurred by Verizon in connection with modifications to its loop pre-qualification OSS that are made
>
> **Verizon proposed language:**
>
> as a result of AT&T's decision to use non-Verizon loop pre-qualification tools.
>
> **AT&T proposed language:**
>
> at AT&T's request.

As noted above,[6] the Bureau adopted AT&T's contract terms giving it the option to use non-Verizon loop qualification tools,[7] subject to certain conditions. One such condition was AT&T's willingness to pay for modifications, if any, of the requisite Verizon support systems necessary to accommodate the needs of AT&T and other CLECs. The Bureau directed the parties to modify section 1.3.2 of AT&T's schedule 11.2.17 to reflect that condition, and it is that language that is at issue here. Verizon proposes that AT&T be contractually obligated for any and all modifications to its systems simply by AT&T's determination not to use Verizon's loop qualification tool. It simply reads out of the Order the Bureau's reference to AT&T being willing to pay for such modifications, and seeks to maintain, by the threat of significant system modification costs, the requirement that AT&T use its loop qualification tool. AT&T recognizes that the Bureau preserved Verizon's right to seek reimbursement of the costs, if any, that it might incur to modify its OSS when AT&T decides not to use Verizon's tool, but it seeks only to preserve the right to make the decision about its willingness to pay for such modifications. Nothing in the Order requires AT&T to agree to provide Verizon the equivalent of a blank check to penalize AT&T for exercising the right that it obtained in the Order.

Moreover, Verizon's insistence on maintaining the right to pass on unspecified system modification costs when CLECs decide not to use the Verizon loop qualification tools conflicts with the statements of its witnesses at the hearing in this proceeding. Those witnesses agreed (Tr. at 850-51) that when a CLEC submits an order for line splitting (or line sharing) it simply

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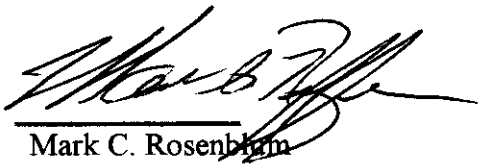
[6] See pp. 6-7, supra.

[7] Verizon's Reconsideration Petition (at p. 25) urged the Bureau to reconsider its decision, asserting that this ruling "adopted language that is consistent (sic) with [the New York] ruling." As AT&T's Opposition noted, that ruling was not only correct (see Order ¶ 398), it was consistent with Verizon's own position in this arbitration. See AT&T Opposition at pp. 14-15, citing Rebuttal Testimony of Verizon Advanced Services Panel, at 51 and Tr. 806, 850-51.

indicates whether it has or has not prequalified the loop, by checking the appropriate box on the existing order form. Assuming that the CLEC indicates that it has prequalified the loop, the order is accepted for further processing in Verizon's systems. Thus, it is clear that no system modifications should be necessary to accept orders for DSL loops for which AT&T has performed an alternative loop qualification process. For Verizon to insist, now that it has lost its monopoly grip on the use of its loop qualification tool, on the unfettered right to pass on any and all costs that it – and it alone – determines it might incur "as a result of AT&T's decision to use non-Verizon loop pre-qualification tools" is to effectively foreclose any decision to use non-Verizon loop pre-qualification tools.

CONCLUSION

AT&T's contract terms for sections 6.2.4, 11.2.12.2 and schedule 11.2.17 should be adopted for inclusion in the interconnection agreement between AT&T and Verizon.



Mark C. Rosenblum
Lawrence J. Lafaro
Stephen C. Garavito
Richard H. Rubin
AT&T Corp.
295 North Maple Avenue
Basking Ridge, NJ 07920
(908) 221-8100

Mark A. Keffer
G. Ridgley Loux
Ivars V. Mellups
Michael A. McRae
Stephanie Baldanzi
AT&T
3033 Chain Bridge Road
Oakton, Virginia 22185
(703) 691-6046

Ellen Schmidt
AT&T
99 Bedford Street
Boston, MA 02111
(617) 574-3179

September 17, 2002

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
Petition of AT&T Communications	)	
of Virginia, Inc., Pursuant	)	
to Section 252(e)(5) of the	)	
Communications Act, for Preemption	)	**CC Docket No. 00-251**
of the Jurisdiction of the Virginia	)	
State Corporation Commission	)	
Regarding Interconnection Disputes	)	
with Verizon-Virginia, Inc.	)	
	)	

CERTIFICATE OF SERVICE

I hereby certify that on this 17th day of September, 2002, a copy of the Memorandum Of AT&T Corp. In Support Of Contract Terms For Disputed Items was sent via email or overnight mail to:

Jeffrey Dygert
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20544

Cathy Carpino
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20544

Karen Zacharia, Esq.
Verizon, Inc.
1515 N. Court House Road
Suite 500
Arlington, VA 22201

Jodie L. Kelley, Esq.
Jenner and Block
601 13th Street, NW
Suite 1200
Washington, DC 20005
(for WorldCom)

Jill Butler
Vice President of Regulatory Affairs
Cox Communications, Inc.
4585 Village Avenue
Norfolk, Virginia 23502

Danny W. Long